



Financial Statements of

HOSPITALITY NETWORK CANADA INC.

December 31, 2009

Hospitality Network Canada Inc. (Hospitality Network)
www.hospitalitynetwork.ca

Hospitality Network is a wholly-owned subsidiary of SaskTel, and is the preferred provider of managed communication and entertainment solutions for the Canadian healthcare market. Hospitality Network provides service to more than 380 healthcare locations nationwide, including Canada's largest hospitals and Seniors Care Homes. Originally founded with private Saskatchewan business interests in 1993 to provide entertainment services to the hospitality industry, Hospitality Network acquired a major Canadian player in 2000 (Telehealth) and became a wholly-owned subsidiary of SaskTel in 2005. Their head office is in Regina and they employ 395 people nationwide, including 37 in Saskatchewan.

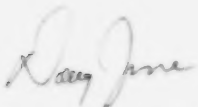
President's Message

HN's primary focus is to recognize and understand the Canadian healthcare environment and the challenges that it faces. We appreciate the pressure that healthcare facilities face with limited resources and time. We also empathize with patients and long-term care residents who wish for nothing more than a little piece of home during their stay.

As the leading provider of interactive communication and entertainment solutions to the Canadian healthcare industry, Hospitality Network offers solutions that meet both healthcare facility and patient/resident needs. For patients and residents, our service brings communication and entertainment solutions right to the bedside so that patients and residents can stay in tune, in touch and informed. For our client hospitals and long-term care facilities, we manage all aspects of our solutions saving the facility time and money while generating a new source of revenue that can be used to reinvest in care.

We continually strive to introduce new services to our hospital clients that enhance the patient in-hospital experience and generate additional revenues for the hospitals. New services that have been recently deployed or are under development include: automated patient entertainment rental services (now operating in approximately 30% of HN's beds), clinical applications at the bedside through the patient entertainment device, and patient internet access.

Total revenues for 2009 were approximately \$30.6 million with 96 percent generated outside of Saskatchewan. Earnings before interest, taxes, depreciation, and amortization (EBITDA) represented approximately 23 percent of revenues.



Doug Jesse
President and CEO, Hospitality Network



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AUDITORS' REPORT

To The Member's of the Legislative Assembly, Province of Saskatchewan

We have audited the statement of financial position of Hospitality Network Canada Inc. as at December 31, 2009 and the statements of operations and comprehensive income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada
February 1, 2010

Hospitality Network Canada Inc.

Statement of Operations and Comprehensive Income

For the year ended December 31,	2009	2008
(Thousands of dollars)		(restated see note 2)
Operating revenues	\$30,568	\$29,432
Operating expenses	19,100	17,605
Gross profit	11,468	11,827
Selling, general and administrative expenses		
Selling and administrative	4,494	4,421
Depreciation and amortization	3,489	3,088
	7,983	7,509
Operating income	3,485	4,318
Other items		
Interest income	26	100
Interest expense on long-term debt	(421)	(421)
Loss on sale of assets	(40)	(7)
Net income	3,050	3,990
Other comprehensive income	-	-
Comprehensive income	\$3,050	\$3,990

See accompanying notes

Statement of Retained Earnings

For the year ended December 31,	2009	2008
(Thousands of dollars)		
Retained earnings, beginning of year as previously reported	\$15,123	\$11,149
Prior period adjustment (Note 2)	(810)	(826)
Retained earnings, beginning of year as restated	14,313	10,323
Net income	3,050	3,990
Retained earnings, end of year	\$17,363	\$14,313

See accompanying notes

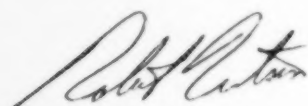
Hospitality Network Canada Inc.

Statement of Financial Position

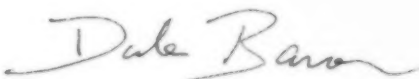
As at December 31,	2009	2008
(Thousands of dollars)		(Restated see Note 2)
Assets		
Current assets		
Cash and short-term investments (Note 5)	\$5,693	\$3,445
Accounts receivable (Note 11a)	1,968	1,796
Prepaid expenses	295	439
	7,956	5,680
Property, plant and equipment (Note 6)	16,978	15,776
Intangible assets – finite life (Note 7)	2,916	3,251
Goodwill	11,368	11,368
	\$39,218	\$36,075
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 11a)	\$1,794	\$1,803
Services billed in advance	135	-
Current portion of long-term debt (Note 8)	-	33
	1,929	1,836
Long-term debt (Note 8)	9,166	9,166
	11,095	11,002
Shareholders' equity		
Share capital (Note 9)	8,999	8,999
Contributed surplus	1,761	1,761
Retained earnings	17,363	14,313
	28,123	25,073
	\$39,218	\$36,075

See accompanying notes

On behalf of the Board



Robert Watson



Dale Baron

Hospitality Network Canada Inc.

Statement of Cash Flows

For the year ended December 31,

2009

2008

(Thousands of dollars)

(Restated
see Note 2)

Operating activities

Net income	\$3,050	\$3,990
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation and amortization	3,489	3,088
Loss on sale of assets	40	7
Net change in non-cash working capital (Note 11b)	98	66
Cash provided by operating activities	6,677	7,151

Investing activities

Property, plant and equipment expenditures	(3,988)	(3,475)
Intangible assets – finite life	(408)	(1,950)
Cash used in investing activities	(4,396)	(5,425)

Financing activities

Repayment of long-term debt	-	(1,202)
Capital lease obligation	(33)	(129)
Dividends paid	-	(1,251)
Cash used in financing activities	(33)	(2,582)

Increase (decrease) in cash	2,248	(856)
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Cash and cash equivalents, beginning of year	3,445	4,301
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Cash and cash equivalents, end of year	\$5,693	\$3,445
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Comprised of:

Cash	\$1,908	\$1,700
Short-term investments	3,785	1,745
	\$5,693	\$3,445

See accompanying notes

Notes to Financial Statements

Note 1 – The Corporation

Hospitality Network Canada Inc. (the Corporation) is incorporated under the *Business Corporations Act*, Saskatchewan. The Corporation is a subsidiary of SaskTel Investments Inc., which is a wholly owned subsidiary of Saskatchewan Telecommunications Holding Corporation (Holdco). The primary activity of the Corporation is to provide entertainment and communication services to Canadian hospitals and seniors care home facilities.

The financial results of the Corporation are included in the consolidated financial statements of Holdco, a Saskatchewan Provincial Crown corporation. By virtue of its ownership structure, the Corporation is not subject to Federal or Provincial income taxes in Canada.

Note 2 – Change in accounting policies

Effective January 1, 2009, the Corporation adopted the accounting recommendations for goodwill and intangible assets (Canadian Institute of Chartered Accountants (CICA) Handbook Section 3064) in accordance with the transition provisions of the section. This section requires intangible assets to be recognized as assets only if they meet the definition of an intangible asset and the recognition criteria, and provides further information on the recognition of internally generated intangible assets.

The new recommendations have been implemented retroactively resulting in the following adjustments to December 31, 2008 balances:

Increase (decrease)	(Thousands of dollars)
Operating expenses	\$140
Depreciation and amortization	(156)
Net income	16
Intangible assets – finite life – implementation costs	439
Intangible assets – finite life – software	42
Intangible assets – finite life – customer contracts	1,260
Deferred costs	(3,015)
Property, plant and equipment	464
Beginning retained earnings	(826)
Ending retained earnings	(810)

Note 3 – Summary of significant accounting policies

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada (GAAP). The most significant policies are outlined below.

Cash and short-term investments

Cash and short-term investments include investments in money market instruments which are purchased with maturity dates of less than 90 days as well as interest bearing investments with financial institutions that are due on demand.

Notes to Financial Statements

Note 3 – Summary of significant accounting policies, continued

Property, plant and equipment

Property, plant and equipment is recorded at cost. Depreciation and amortization is provided over the estimated useful lives using the methods noted below:

Plant and equipment	straight-line	5 – 10 years
Office furniture and equipment	diminishing balance	20 – 50%

With respect to property, plant and equipment acquired or constructed over time, the Corporation follows the policy of capitalizing related equipment, construction, installation and engineering costs as plant under construction. These costs are then depreciated on a basis consistent with the Corporation's depreciation policy from the date the asset is substantially completed and put into productive use.

Intangible assets - finite-life

Finite-life intangible assets acquired in a business combination are recorded at their fair values. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets.

Other finite-life intangible assets are recorded at cost of acquisition or development, and may include direct development costs, overhead costs directly attributable to development activity and betterment costs.

Amortization is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Estimated useful life
Software	5 years
Implementation costs	5 - 10 years
Customer contracts	1 - 10 years

The Corporation annually reviews the amortization method and useful lives of finite-life intangible assets.

Finite-life intangible assets are tested for impairment when events or changes in circumstances indicate that their carrying value may not be recoverable. They are written down to fair value when the related undiscounted cash flows are not expected to allow for recovery of the carrying value.

Goodwill

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the assets acquired, less liabilities assumed, based on their fair values. Goodwill is allocated as of the date of the business combination to the Corporation's reporting units that are expected to benefit from the synergies of the business combination.

Goodwill is not amortized and is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit is compared with its fair value. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not to be impaired and the second step of the impairment test is unnecessary. The second step is carried out when the carrying amount of a reporting unit exceeds its fair value, in which case the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the value of goodwill is determined in a business combination described in the preceding paragraph, using the fair value of the reporting unit as if it was the purchase price.

Notes to Financial Statements

Note 3 – Summary of significant accounting policies, continued

When the carrying amount of reporting unit goodwill exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to the excess and is presented as a separate line item in the statement of operations and comprehensive income.

Capital leases

Where the Corporation is the lessee, asset values recorded under capital leases are amortized on a straight-line basis over the period of expected use. Obligations recorded under capital leases are reduced by lease payments net of imputed interest.

Sales type leases

In certain situations, the Corporation provides lease financing for customer equipment. Revenue and cost of goods sold is recognized in these arrangements. Financing charges included in the lease payments received are recorded as income over the term of the lease.

Revenue recognition

Revenue from the provision of entertainment and communication services is recognized at the time the service is provided. Revenue from the sale of equipment is recognized when the product is shipped, title or risk of loss has been transferred, and pricing is fixed and determinable.

Impairment of long-lived assets

Long-lived assets, including property, plant and equipment, are amortized over their useful lives. The Corporation reviews long-lived assets for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized on a long-lived asset to be held and used when its carrying value exceeds the total undiscounted cash flows expected from its use and eventual disposal. The amount of loss recorded is determined by deducting the asset's fair value (based on discounted cash flows from its use and disposition) from its carrying value.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rates. Revenues and expenses are translated at rates of exchange prevailing on the transaction dates.

Translation gains and losses on foreign currency denominated monetary items are taken into income in the current year.

Financial instruments

Upon initial recognition, financial instruments are measured at fair value and are classified as held-to-maturity, held-for-trading, available-for-sale, loans and receivables or other liabilities. Held-to-maturity assets are carried at amortized cost with amortized premiums or discounts and other than temporary losses due to impairment included in net income. Held-for-trading assets and liabilities are carried at fair value with any gains or losses included in net income. Available-for-sale assets are carried at fair value with revaluation gains or losses included in other comprehensive income until the asset is removed from the balance sheet. Loans and receivables, and other liabilities are accounted for at amortized cost using the effective interest method. Transaction costs are included in the initial carrying value of the financial instrument except for held-for-trading instruments in which case they are expensed as incurred.

Notes to Financial Statements

Note 3 – Summary of significant accounting policies, continued

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent asset and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amounts of property, plant and equipment and underlying estimations of useful lives of depreciable assets, accounts receivable and the underlying provision for bad debts, the carrying amount of goodwill and intangible assets and underlying estimates of future cash flows. The inherent uncertainty involved in making such estimates and assumptions may impact the actual results reported in future periods.

Note 4 – Accounting policy developments

International Financial Reporting Standards (IFRS)

The CICA Accounting Standards Board has confirmed that publicly accountable enterprises will be required to adopt IFRS in place of GAAP for interim and annual reporting in fiscal years beginning on or after January 1, 2011, including comparative figures for the prior year. The Public Sector Accounting Board (PSAB) in September 2009, approved an amendment to the introduction to the Public Sector Accounting Handbook which requires Government Business Enterprises (GBEs) to adopt IFRS and Other Government Organizations (OGOs) to adopt either IFRS or the public sector handbook, whichever is considered the most appropriate basis of accounting. The Corporation, as a GBE, is proceeding with adoption of IFRS.

The Corporation has commenced an IFRS conversion project including initiating the development of high level IFRS implementation plans that include stakeholder identification, milestones and deadlines, planned scope and approach, risks and mitigations, project governance and accountability responsibilities, and resource requirements. An external advisor has been engaged to assist with the development of plans and to perform a detailed review of major differences between current GAAP and IFRS. Board members have been briefed on IFRS, in general, and project plans have been reviewed by the Board of Directors.

Management and staff from the Corporation have participated in detailed IFRS training seminars. Project teams have completed an initial assessment of those international financial reporting standards with the highest potential for impacts on the Corporation. Based on the analysis to date, potential significant areas of difference are related to accounting for property, plant and equipment, provisions, asset impairment testing and financial statement disclosures. Working groups have been formed to review identified standards in detail and discuss specific issues as a basis for ensuring common understanding and, where possible, consistency in approaches to issue resolution. Selection of accounting policies has been finalized and the Corporation is in the final stages of determining the impact of IFRS on processes, systems, internal controls over financial reporting and disclosures, and future financial position and results of operations. IFRS financial statement presentation formats are being finalized in conjunction with Holdco. As part of the IFRS implementation, the Corporation plans to make changes to certain processes and systems to ensure transactions are recorded in accordance with IFRS for comparative reporting purposes on the required implementation date.

Note 5 – Cash and short-term investments

Short-term investments consist of funds invested at an interest rate of 0.35% (2008 – 1.50%).

Notes to Financial Statements

Note 6 – Property, plant and equipment

	Cost	Accumulated depreciation and amortization	Net book value	
			2009	2008 (Restated see Note 2)
(Thousands of dollars)				
Plant and equipment	\$29,816	\$14,207	\$15,609	\$13,831
Office furniture and equipment	1,418	887	531	653
Plant under construction	838	-	838	1,292
	\$32,072	\$15,094	\$16,978	\$15,776

Depreciation and amortization for the year totaled \$2,809,751 (2008 - \$2,537,707).

Note 7 – Intangible assets – finite life

	Cost	Accumulated amortization	Net book value	
			2009	2008 (Restated see Note 2)
(Thousands of dollars)				
Customer contracts	\$4,253	\$1,768	\$2,485	\$2,770
Implementation costs	676	280	396	439
Software	263	228	35	42
	\$5,192	\$2,276	\$2,916	\$3,251

Amortization for the year totaled \$678,993 (2008 - \$549,655).

Note 8 – Long-term debt

	2009	2008 (Thousands of dollars)
Due to Holdco, secured by all assets, bearing interest at 4.40% (2008 - 4.40%); Monthly interest only payments of \$33,610, due June 30, 2013	\$9,166	\$9,166
Capital lease obligation	-	33
	9,166	9,199
Less current portion	-	33
	\$9,166	\$9,166

Notes to Financial Statements

Note 8 – Long-term debt, continued

Approximate principal repayments due in the next five years are as follows:

	(Thousands of dollars)
2010	\$-
2011	-
2012	-
2013	9,166
2014	-

Note 9 – Share capital and additional capital disclosures

a) Share capital

	2009	2008
	(Thousands of dollars)	
Authorized:		
Unlimited number of Class "A" common voting shares		
Issued:		
102,710 shares	\$8,999	\$8,999

b) Additional capital disclosures

The Corporation's objectives when managing capital are to ensure adequate capital to support the operations and growth strategies of the Corporation, and to ensure adequate returns to the shareholder.

The capital structure is determined in conjunction with the shareholder based on the approved business plans.

The Corporation monitors capital on the basis of cash available for distribution. Balances in excess of operating requirements are distributed to the shareholder.

The Corporation's strategy, which is to maintain sufficient cash for the continued development of targeted markets, is unchanged from 2008.

The Corporation is not subject to any externally imposed capital requirements.

Note 10 – Commitments and contingencies

Commitments

The future minimum payments under operating leases and contractual obligations for services in each of the next five years are as follows:

	(Thousands of dollars)
2010	\$427
2011	242
2012	109
2013	-
2014	-

Notes to Financial Statements

Note 10 – Commitments and contingencies, continued

Contingencies

In the normal course of operations, the Corporation may become involved in various claims and litigation. While the final outcome with respect to claims and litigation cannot be predicted with certainty, it is the opinion of management that any resolution would not have a material adverse effect on the Corporation's financial position or results of operations.

Note 11 – Additional financial information

a) Balance sheet

	2009	2008
	(Thousands of dollars)	
Accounts receivable		
Customer accounts receivable	\$1,684	\$1,658
Accrued receivables - customer	170	103
Allowance for doubtful accounts	(23)	(11)
	1,831	1,750
Other	13	46
Sales type leases	124	-
	\$1,968	\$1,796
Accounts payable and accrued liabilities		
Trade accounts payable and accrued liabilities	\$1,490	\$1,481
Payroll and other employee-related liabilities	74	52
Taxes payable	230	270
	\$1,794	\$1,803

b) Supplementary cash flow information

	2009	2008
	(Thousands of dollars)	
Net change in non-cash working capital		
Accounts receivable	\$(172)	\$(389)
Prepaid expenses	144	(124)
Accounts payable and accrued liabilities	(9)	579
Services billed in advance	135	-
	\$98	\$66
Interest paid	\$410	\$409

Notes to Financial Statements

Note 12 – Financial instruments

The Corporation's financial instruments include cash and short-term investments, accounts receivable, accounts payable and accrued liabilities, short-term obligations and long-term debt, which by their nature are subject to risks.

a) Fair value

Fair values approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics such as risk, principal and remaining maturities. Fair values are estimates using present value and other valuation techniques which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates that reflect varying degrees of risk. Therefore, due to the use of judgment and future-orientated information, aggregate fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

The following table represents the carrying amounts and fair values of financial assets and liabilities measured at fair value or amortized cost:

(Thousands of dollars)		2009		2008	
Financial Instruments	Classification ¹	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
Cash and short-term investments	HFT	\$5,693	\$5,693	\$3,445	\$3,445
Accounts receivable	LAR	1,968	1,968	1,796	1,796
Financial Liabilities					
Accounts payable and accrued liabilities	OL	1,929	1,929	1,803	1,803
Long-term debt	OL	9,166	9,785	9,166	9,642

¹ Classification details are:
HFT – held-for-trading
LAR – loans and receivables
OL – other liabilities

Determination of fair value

When the carrying amount of a financial instrument is the most reasonable approximation of fair value, reference to market quotations and estimation techniques is not required. The carrying values of cash, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

For financial instruments listed below, fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. Accordingly, the determination of fair value requires judgement and is based on market information where available and appropriate. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

Level 1 – Where quoted prices are readily available from an active market.

Level 2 – Valuation model not using quoted prices, but still using predominantly observable market inputs, such as market interest rates.

Notes to Financial Statements

Note 12 – Financial instruments, continued

(Thousands of dollars)	Level 1	2009 Level 2	Total	Level 1	2008 Level 2	Total
Long-term debt	\$-	\$9,785	\$9,785	\$-	\$9,642	\$9,642

b) Currency risk

The Corporation is exposed to currency risk, primarily US dollars, through transactions with foreign suppliers, however the risk has been assessed as minimal and therefore is not actively managed.

c) Interest rate risk

The Corporation is exposed to interest rate risk arising from fluctuations in interest rates on short-term investments, short-term obligations and long-term debt. The most significant of these is interest rate risk related to obtaining long-term debt. However, based on the financing needs of the Corporation, interest rate risk has been assessed as minimal.

Interest rate risk on short and long-term liabilities is managed based on the refinancing needs of the Corporation using derivative financial instruments when deemed appropriate.

The average effective interest rate on the Corporation's long-term debt was 4.40% (2008 – 4.40%) as was the average interest rate on long-term debt.

d) Market risk

The Corporation is exposed to market risk on short-term investments. Fair value adjustments will fluctuate based on changes in market prices, however the fluctuations should not be significant due to the short term nature of the investments.

e) Credit risk

The Corporation is exposed to credit risk through its short-term investments and accounts receivable. Credit risk related to short-term investments is minimized by dealing with institutions that have strong credit ratings. Credit risk related to customer accounts receivable is minimized because of the large and diverse customer base covering many consumer and business sectors. The Corporation evaluates customer credit risk and limits credit availability when necessary.

The carrying amount of financial assets represents the maximum credit exposure as follows:

	2009	2008
	(Thousands of dollars)	
Cash and short-term investments	\$5,693	\$3,445
Accounts receivable	1,968	1,796
	\$7,661	\$5,241

Notes to Financial Statements

Note 12 – Financial instruments, continued

The aging of customer receivables, which indicates potential impairment losses, is as follows:

	2009	2008
	(Thousands of dollars)	
Current	\$1,087	\$836
30-60 days past billing date	225	430
61-90 days past billing date	128	95
Greater than 90 days past billing date	244	297
Total	\$1,684	\$1,658

Provisions for credit losses are maintained and regularly reviewed by the Corporation, based on an analysis of the aging of customer accounts. Amounts are written off once reasonable collection efforts have been exhausted. Details of the allowance account are as follows:

	2009	2008
	(Thousands of dollars)	
Allowance for doubtful accounts, opening balance	\$11	\$13
Accounts written off	(40)	(4)
Provision for losses	52	2
Allowance for doubtful accounts, closing balance	\$23	\$11

f) Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments:

December 31, 2009

	Carrying Amount	Contractual cash flows	6 mths or less	7-12 mths	2 years	3-5 years	More than 5 years
							(Thousands of dollars)
Long-term debt	\$9,166	\$10,578	\$202	\$202	\$403	\$9,771	\$-
Accounts payable and accrued liabilities	1,794	1,794	1,794	-	-	-	-
	\$10,960	\$12,372	\$1,996	\$202	\$403	\$9,771	\$-

December 31, 2008

	Carrying Amount	Contractual cash flows	6 mths or less	7-12 mths	2 years	3-5 years	More than 5 years
							(Thousands of dollars)
Long-term debt	\$9,199	\$11,017	\$235	\$202	\$404	\$10,176	\$-
Accounts payable and accrued liabilities	1,803	1,803	1,803	-	-	-	-
	\$11,002	\$12,820	\$2,038	\$202	\$404	\$10,176	\$-

Sufficient operating cash flows are expected to be generated to fund these contractual obligations.

Notes to Financial Statements

Note 13 – Related party transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to Crown Investments Corporation of Saskatchewan (CIC) by virtue of common control by the Government of Saskatchewan, and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan and the Saskatchewan Telecommunications Holding Corporation (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices (exchange values) under normal trade terms. These transactions and amounts outstanding are as follows:

	2009	2008
	(Thousands of dollars)	
Operating revenues	\$218	\$202
Operating expenses	895	840
Interest expense	410	405
Property, plant and equipment expenditures	53	230
Accounts receivable	34	13

The Corporation pays Saskatchewan Provincial Sales Tax to the Saskatchewan Ministry of Finance on all taxable purchases. Taxes paid are recorded as part of the cost of those purchases. Other amounts and transactions due to (from) related parties and terms of settlement are described separately in these financial statements and notes thereto.

Other amounts and transactions due to (from) related parties and terms of settlement are described separately in these financial statements and notes thereto.

Note 14 – Comparative figures

Certain of the 2008 figures have been reclassified to conform to the current year's presentation.

